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FIRST COUNTRY COOPERATION FRAMEWORK FOR TUNISIA (1997-2001)

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INTRODUCTION

1. The country cooperation programme for Tunisia, which covers the period 1997-2001, coincides with the period covered by that country's ninth five-year development plan. The framework is the product of a lengthy process of continuous consultations between the Government and UNDP, which began with the preparation of an advisory note by UNDP proposing a cooperation approach that would best support Tunisia's efforts to attain its national development targets. The advisory note was the subject of additional comments made by the Tunisian party.

2. The advisory note was prepared on the basis of the review of ongoing programmes and the review of national development strategies. It was also based on several thematic and sectoral studies conducted by UNDP in 1996 concerning the fight against poverty, participatory development, the advancement of women and environmental protection - or even regeneration - by means of the national agenda 21 programme in the context of the implementation of the 1992-1996 cooperation programme. Finally, it was also based on the recommendations made by the recent international conferences and on the decisions of the UNDP Executive Board including, in particular, those relating to sustainable human development.

3. During this same period, the Government also outlined its future cooperation with the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). The respective programmes of these two agencies also cover the period 1997-2001 and their content was thus taken into consideration in the preparation of this cooperation framework. Inter-agency coordination meetings with, in addition, the local representatives of the World Food Programme (WFP), the United Nations Industrial Development Organization (UNIDO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Food and Agriculture Organization of the United Nations (FAO) also made it possible to broaden the internal consultations at the time this framework was being prepared.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Pursuit of economic reforms

4. The Tunisian economy has for some years been undergoing far-reaching structural transformations as a result of the many reforms instituted in the context of the structural adjustment plan adopted in 1986. Stabilization measures have been introduced and important reforms have been undertaken in order to make the economy more open to the outside world.

5. Tunisia, a member of the General Agreement on Tariffs and Trade since 1990, acceded, in April 1994, to the Uruguay Round agreements establishing the World Trade Organization (WTO). In July 1995, Tunisia signed an agreement with the European Union, the purpose of which was to establish a free-trade area. This agreement provides for the progressive dismantling, over a 12-year period, of

tariffs on the two parties' imports, with the exception of agricultural products which are to be the subject of further negotiations after the year 2000.

6. In order to prepare the economy to face these new challenges, numerous reforms and measures have been adopted in order to restructure the production system and strengthen competitive mechanisms. Accordingly, in 1995, Tunisia launched a far-reaching programme of overall restructuring the purpose of which is to make the Tunisian economy more competitive.

Social advancement policy and fight against poverty

7. Sustainable human development through its dimensions of promotion of employment and more equitable division of income, support for people in disadvantaged areas, protection of the environment and development of human resources, has been a constant feature of Tunisia's development strategy. This is eloquently borne out by the recent improvement in the human development index and by the decline in poverty - down from 21 per cent in 1971 to 6 per cent in 1995.

8. Equitable social development is considered to be the driving force behind socio-political stabilization, making sustained economic growth possible. This policy has been sustained by specific programmes and measures in numerous areas including: employment, literacy, women in development, the fight against social exclusion and the integrated development of poor areas. Moreover, the Tunisian model was the subject of a special presentation at the World Summit for Social Development in March 1995, and was cited as an effective and sustainable model of social development and national solidarity.

9. Despite this success, efforts to eradicate poverty are becoming increasingly important, on the one hand, because of continuing inequalities between one region and another at the national level and, on the other, because public resources are dwindling in the face of the needs of the new economic and social situation. Indeed, the economic policies that Tunisia will have to adopt in this context may adversely affect certain layers of the population. What is needed is to emphasize the insertion into economic life of vulnerable groups which have the potential to become real economic operators.

Promoting the role of women in economic life

10. Tunisia has always given a special place to women in its human resources development policies and it has long recognized the principle of the equality of men and women before the law. The priorities of the national strategy for the development of human resources among women include, in particular, strengthening women's economic capacities, preparing programmes to combat poverty among women and strengthening national programmes relating to health, education and family planning.

11. Implementation of the various legal, economic and social provisions has had a favourable impact on the situation of women. However, due to social and cultural reasons there is still room for improvement, both as regards access to

employment and as regards participation in public life. Moreover, there are several indicators which point to the growing feminization of poverty. Women are more likely than men to be unemployed for long periods and they are more likely to be underemployed. The proportion of poor people is highest in those sectors where many women are employed.

Strategies to improve the environment

12. Tunisia has undertaken numerous treatment and preventive programmes thereby making great strides in the area of the protection of the environment. However, certain constraints have at times limited the effectiveness of these strategies. They relate, on the one hand, to the capacity to implement development involving a deliberate and horizontal integration of the environment parameter into the national development outline and, on the other hand, the obligation to first mobilize additional financial resources in order to meet its national and international commitments.

13. Tunisia has prepared its own national agenda 21 with a view to enabling development planners and operators to strengthen sustainable development in Tunisia. Consideration of the areas of intervention listed in the national agenda 21 suggest that emphasis should be placed on strategies aimed at integrating the environment component into the fight against poverty and strengthening the capacity of the population to better manage natural resources while, at the same time, creating income-generating activities.

II. RESULTS AND LESSONS OF PAST COOPERATION

14. Consideration of the fifth programme covering the period 1992-1996 confirmed the convergence of views between the Government and UNDP, both as regards the impact of past cooperation and the directions to be taken in the future. It also confirmed the relevance of the programme's support for national efforts through the strategic role played by UNDP in such areas as agricultural development and food security, environmental awareness, vocational training and employment and development of the private sector and non-governmental organizations (NGOs). At the same time it was noted that there had been some delay in the realization of actions designed to achieve the programme's initial goals concerning industrial and commercial restructuring. Cooperation with UNDP in the area of the environment has made it possible to implement an integrated programme of information, education and training to ensure that environmental protection is not only the Government's responsibility but also that of the citizens. Moreover, several activities involving NGOs and the promotion of participatory development have been successfully carried out in the urban and rural sectors.

15. Now that Tunisia has developed national capacities in respect of the identification, preparation and execution of development projects, a reorientation of the nature of external assistance is called for. The new generation of cooperation programmes will emphasize the formulation of strategies and action plans in order to deal with the new needs arising from the evolution of the development process and the adaptation of the economy to the

external context. It will also be based on the recommendations of international conferences and conventions to which Tunisia has subscribed. Finally, it will play an important role in finding and mobilizing financing from other donors in the context of a multilateral partnership.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. Having acceded to the WTO agreements and concluded a free trade agreement with the European Union, Tunisia will gradually have to take up major challenges in order to liberalize its economy, which is still protected, and ensure that its products are competitive, on both domestic and external markets. It must therefore adapt to the new economic context and support the policy of overall restructuring which is already under way. This restructuring depends, inter alia, on the pursuit of economic reforms, increasing the productivity and skills of human resources and strengthening the country's investment capacity.

17. On the social level it is expected that there will be an improvement in the standard of living thanks to higher growth and better targeting of social programmes. Emphasis will be placed on poverty reduction and job creation, the advancement of women and human resources, regional development and environmental conservation and also on administrative reform and involvement of civil society in the management of public affairs.

18. Starting from these considerations and bearing in mind the priority goals of UNDP, the strategy during the next programme will be structured on the following three main areas:

(a) The fight against poverty and the strengthening of social development;

(b) The improvement of economic performance and the strengthening of management capacities;

(c) The mobilization and development of human resources in the context of a new partnership between the State, the private sector and civil society.

A. The fight against poverty and the strengthening of social development

19. UNDP support in this area of intervention will focus on the following four subprogrammes:

(a) Support for information, planning and evaluation of social development actions: (i) governance and poverty: evaluation of existing programmes concerning regional development and the fight against poverty and identification of specific measures and proposals for future actions; (ii) establishment of a permanent machinery for monitoring human development with a view to defining, on the one hand, the characteristics of human development in Tunisia and, on the other, providing the Government with new tools for measuring that will enable it to evaluate what has been achieved and publish annual reports; (iii) establishment of an information system for social and economic reinsertion

and insertion so as to be able to measure, manage, coordinate and plan the various strategies;

(b) Economic insertion and reinsertion of vulnerable people into economic life: (i) development of income-generating activities through micro-financing, the aim being to develop the entrepreneurial capacity of individuals, especially women; (ii) development of recycling and deployment programmes for workers who may be affected by the restructuring programmes;

(c) Support for regional development: (i) preparation and implementation of a pilot strategy in a single-activity region; the aim will be to define a strategy and to draft a plan for the diversification of economic activities taking into account the national food security programme and the national goals regarding conservation of natural resources and environmental protection; (ii) support to NGOs and local authorities; (iii) strengthening of the economic and social role of rural women;

(d) Development of new systems of production in disadvantaged regions (shadow zones) in order to: (i) shape and formulate a programme that will take into account the environmental, economic and social interrelationships while developing strategies to protect the environment and to promote income-generating activities; and (ii) strengthen capacities at the level of the Tunisian office to monitor environment and development and the sustainable development network, both of which were established with UNDP assistance.

B. Improvement of economic performance and strengthening of management capacities

20. One of the major focuses of the ninth plan is adjusting the economy so as to improve its competitiveness and its capacity to face up to world competition. In order to facilitate and accompany these far-reaching changes, a national programme of overall restructuring has been established in order to adapt the production system and its environment so as to meet the needs of free trade and of the movement of goods on international markets. It contains the following elements:

(a) Competitiveness and external trade: (i) in order to create optimum conditions for the success of new policies concerning free trade and opening of the economy towards external markets, the national authorities, working in collaboration with UNDP, have decided to set up an office to monitor competitiveness, which will measure and analyse performance and the factors of competitiveness; (ii) in order to make the best possible use of the new multilateral trading system, consideration is being given at this stage to bringing national regulations into line with the international agreements to which Tunisia is a party and to study their impact on the national economy, to implement an integrated training programme relating to foreign trade for all operators and to continue analysing needs as regards trade information;

(b) Support for the restructuring of enterprises: (i) support for the modernization of Tunisian industrial enterprises by focusing on quality, using diagnosis and identification of priority improvements; (ii) establishment of special areas for enterprises in three pilot zones; (iii) preparation of strategies and programmes necessary for industrial development by strengthening national leadership capacities and conducting the necessary studies; (iv) a mechanism for identifying and recruiting high-level international experts for the diagnoses and restructuring plans of enterprises; UNDP will play the role of provider of services and, if necessary, will call for additional financing;

(c) Microfinancing: in the context of the liberalization of the credit system and in order to better evaluate the impact of microfinancing in terms of jobs and income, consideration is being given to developing a new generation of microfinancing mechanisms.

C. Mobilization and development of human resources in the context of a new partnership between the State, the private sector and civil society

21. Since the overall plan of sustainable human development depends on high - and more evenly distributed - growth, it presupposes that the entire working population will be mobilized and will participate in development efforts. This concept of development calls for a radical overhaul or restructuring of the way in which the administration is organized and operates, based on a redefinition of the role of the State, decentralization and strengthening of local authorities, promotion of the private sector and involvement of civil society. In this context UNDP assistance is needed in order to support the process of decentralization and of strengthening the local authorities.

22. UNDP assistance is also requested in order to undertake the following: (a) modernization of employment services so as to strengthen their capacity to energize the labour market and assist in the process of restructuring the economy; this would involve, in particular, providing better services for young people seeking employment and training; (b) the establishment and operation of a national office to monitor training and employment so as to provide the ministry with an effective tool for obtaining information and for monitoring the changing labour market and changing training needs so as to work out appropriate policies, particularly with regard to redeployment and retraining; (c) support for the vocational training programme; it is expected that UNDP will take care of the training needs specifically of vulnerable populations such as primary and secondary school drop-outs; special attention will be given to training centres for girls in rural areas.

23. The Government has again confirmed participatory development as one of the priority targets of the national development strategy, based on the consolidation and strengthening of the role of NGOs, not only as partners of State authorities in the task of sustainable development but also with a view to turning these associations into organized groups and structures cable of playing a major role in the identification, design, management, follow-up and evaluation of projects. There are plans to design a programme of support for NGOs, which would consist of a series of actions that would help strengthen the NGOs'

capacities to intervene, essentially by providing training, improving the systems for the exchange of information, encouraging partnerships between large and small NGOs and adapting the institutional environment to the new role assigned to NGOs. Particular attention will be given to women's NGOs. In this context, two actions are planned to: (a) improve the services provided by the training centres that come under the National Union of Tunisian Women, and (b) prepare training modules for women entrepreneurs.

24. Encouraged by the convincing results obtained through previous projects involving technical cooperation among developing countries (TCDC), UNDP will continue to play an active role in the field of promoting South-South cooperation. New ways of sharing Tunisian skills with African and Arab countries will be identified and exchanges of expertise with less traditional partners will be increased. In addition, efforts will be made to diversify into sectors which have not been sufficiently exploited to date, namely, health, the environment and women.

IV. MANAGEMENT MODALITIES

A. Execution

25. Given the availability of competent national staff in most sectors of the economy, the Government and UNDP have agreed to encourage further use of the national execution formula which has made it possible both to simplify procedures and to give responsibility for the management of UNDP-financed programmes to Tunisian managers. The help of the specialized agencies will be asked only for short-term assignments in areas where there is a shortage of competent local staff.

26. Attention should also be drawn to the Transfer of Knowledge through Expatriate Nationals (TOKTEN) mechanism - to which the Government attaches very great importance - which has made it possible to mobilize a number of high-level Tunisian experts working abroad and give them selected tasks, specifically in the so-called scientific sectors. Aside from the question of cost, which remains modest, this mechanism seems very well suited to the needs of the country in the current context of its development. There are therefore plans to continue the TOKTEN experiment and to extend it to other sectors.

27. In addition, it has been suggested to the national authorities that they should make greater use of the national execution modality - which has already proved its worth - and apply it also to programmes financed by donors other than UNDP. Indeed, UNDP has long experience and practical know-how, and can assist in the implementation of development projects irrespective of who is funding them. This proposal would have the advantage of speeding up project implementation and the disbursement of funds while at the same time easing the administrative and financial burden on the Government.

B. Mobilization of financial resources

28. UNDP's core resources are made up of what remains (estimated at some $870,000) of the amount still available under the indicative planning figure for the period 1992-1996, plus an amount of $2,130,000 assigned immediately to the country and an additional assignment of up to 66 per cent of that amount, in other words $1,420,000; to that should be added the following headings: (a) regional projects requiring an amount estimated roughly at $500,000; (b) the technical support services for which it is expected that some $200,000 will be mobilized. The subtotal of UNDP core resources could therefore come to $5,120,000 for the period 1996-2001, or approximately $1 million a year.

29. Since this is an extremely modest sum, it would be wise to look for additional funding from the Government and bilateral and multilateral partners. First of all, it will be necessary to stick to the principle established during the fifth cycle regarding cost-sharing with the Government and national institutions. In order to maintain the UNDP programme at an adequate level it is expected that additional resources of about $5 million will be mobilized over the five-year period under Government cost-sharing arrangements - this would more or less double the UNDP core resources.

30. Secondly, it is anticipated that multi/bilateral financing will be requested. It is difficult at this stage to quantify what these multi/bilateral contributions might be. However, it is generally agreed that in certain areas, including poverty, desertification, the environment, women, training and, above all, restructuring, it is possible to mobilize additional resources. In this context, it is proposed, for indicative programming purposes, that an additional amount of $1 million should be mobilized from other sources; depending on how much interest the programme arouses among Tunisia's partners and UNDP, the figure might be higher.

31. In addition, we should mention specialized funds such as the Global Environment Facility, the Montreal Protocol and Capacity 21. As part of its new mandate the Office to Combat Desertification and Drought can provide technical support for the implementation of the Convention to Combat Desertification. It is not unreasonable to assume that UNDP will continue to mobilize at least as much from these funds as it has during the current period. We will assume a minimum amount of $750,000 for the period 1997-2001.

32. Finally, there are other sources of finance such as the United Nations Development Fund for Women (UNIFEM), TCDC or even various trust funds from which resources could be mobilized. Here we must pick a very rough figure of $250,000 for the period 1997-2001.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR TUNISIA (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	868	
TRAC 1.1.1	2 132	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	190	
Subtotal	3 190*	
NON-CORE FUNDS		
Government cost-sharing	5 000	
Sustainable development funds	750	GEF
Third-party cost-sharing	1 000	
Funds, trust funds and other UNV UNIFEM	250 of which: 100 150	
Subtotal	7 000	
GRAND TOTAL	10 190*	

* Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; UNIFEM = United Nations Development Fund for Women; and UNV = United Nations Volunteer programme.